

## **FISCAL NOTE**

### **SB 2768 – HB 3423**

March 4, 2008

**SUMMARY OF BILL:** Requires contested case hearings pursuant to the Uniform Administrative Procedures Act (UAPA) to be conducted in the county of residence of the respondent party. If such respondent party is an agency, an agency member acting in his/her official capacity, or if the respondent party resides outside Tennessee, the contested case hearings would be held in Davidson County.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$9,077,600/Division of Regulatory  
Boards**

**Increase State Expenditures – Exceeds \$15,000,000/Statewide**

**Other Fiscal Impact - Increase Federal Expenditures –  
\$2,183,300/Dept. of Human Services**

#### **Assumptions:**

- All state agencies that conduct UAPA contested case hearings would be impacted by enactment of the bill.
- Holding all contested case hearings in the county of residence of the respondent is estimated to increase the cost to hear such cases since staff, legal counsel, investigators, witnesses and board members would be required to travel to the county of residence of the respondent. There could also be increased costs for court stenographers and for rental of facilities (when existing facilities are not available) to use for the hearings which would now be held in every county.
- Some departments indicated that additional staff would be required due to the large number of cases that would now be required to be heard across the state.
- According to the Department of Agriculture, the increase in expenditures to the department is estimated to be \$17,317. This estimate is based on travel expenses for 39 hearings held statewide (excluding Davidson County) per year.
- According to the Department of Conservation and Environment, the increase in expenditures to the department is estimated to be \$118,000. This estimated is based on travel expenses for staff and

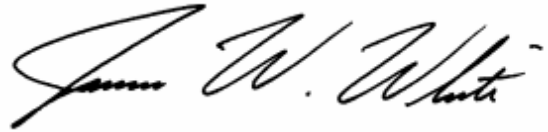
board members of four boards (Air, Water, Solid and Hazardous Waste and UST) for 12 hearings per year.

- According to the Department of Health, the increase in expenditures to the department is estimated to be approximately \$9,000,000. This estimate is based on the potential for all 32 regulatory boards within the department's Bureau of Health Licensure and Regulation to be required to hold one or more board meetings per year in each county of the state. The impact on the Board of Nursing for travel expenses is estimated to be \$294,000 per year. Applying this cost to the remaining 31 boards in the department could be expected to increase expenditures in excess of \$9,000,000. In addition, there could be a cost for rental space, travel costs to send board staff, an ALJ, attorneys, a paralegal and a court reporter to these hearings. Under Tenn. Code Ann. §4-29-121 the Division of Regulatory Boards must generate sufficient revenue to cover expenditures.
- According to the Department of Commerce and Insurance, there would be an increase in state expenditures of \$93,165 and an increase in state revenue of \$77,625 to the department. This estimate is based on a cost of \$5,500 to the Securities Division for travel expenses for five staff persons plus rental space costs to hold five hearings per year; a cost to the Insurance Division of \$10,000 for travel expenses for five staff persons plus rental space costs to hold 12 hearings per year; a cost to the Division of Regulatory Boards of \$77,625 for travel expenses for 11 board members and staff plus rental space to hold 15 hearings per year. Under Tenn. Code Ann. §4-29-121 the Division of Regulatory Boards must generate sufficient revenue to cover expenditures.
- According to the Department of State, the increase in expenditures to the department is estimated to be \$200,000. This estimate is based on travel expenses for approximately 1,000 hearings at a cost of \$200 per trip.
- According to the Department of Safety, the Legal Division currently conducts approximately 9,000 forfeiture hearings a year, 14,000 Driver Improvement Hearings per year, and approximately 20-30 Civil Service Hearings through its Appellate Division. This estimate is based on a cost of \$649,500 to the Forfeiture Division for 12 additional positions; a cost of \$625,200 to the Driver Improvement Division for 12 additional positions; and a cost of \$92,300 to the Appellate Division for two additional positions. In addition, the department estimates a cost of \$300,000 for court reporters, \$2,600,000 for ALJs, \$240,000 for travel expenses, and \$283,200 for additional hearing space. The total increase in expenditures to the department is \$4,790,000. There could also be a delay in awards of asset forfeitures due to a delay in the hearing process.

- According to the Department of Human Services, there would be an increase in state expenditures of \$1,124,700 and an increase in federal expenditures of \$2,183,300 to the department. This estimate is based on an additional 48 positions to conduct hearings in all counties of the state plus approximately 40 additional hearing sites for one week per month per year. Cases heard would involve Family Assistance appeals involving Families First, Food Stamps, TennCare/Medicaid, Vocational Rehabilitation appeals, Child Support, and license revocation hearings for failure to pay child support.
- The fiscal impact is estimated to be an increase in state expenditures of \$15,343,200; an increase in state revenue of \$9,077,600; and an increase in federal expenditures of \$2,183,300.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

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